

VZCZCXRO5514  
PP RUEHCHI RUEHDT RUEHHM RUEHNH RUEHPB  
DE RUEHGP #1015/01 2620727  
ZNY CCCCC ZZH  
P 180727Z SEP 08  
FM AMEMBASSY SINGAPORE  
TO RUEHC/SECSTATE WASHDC PRIORITY 5781  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 2855  
RUEHMO/AMEMBASSY MOSCOW 0364  
RUEHFR/AMEMBASSY PARIS 0323  
RUEHSI/AMEMBASSY TBILISI 0014  
RUEHC/DEPT OF LABOR WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHBS/USEU BRUSSELS  
RUCNDT/USMISSION USUN NEW YORK 0206  
RUCPDOG/USDOC WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 SINGAPORE 001015

SIPDIS

DEPT FOR EAP/MTS  
DEPT PASS DOL - FOR IAB AND OSEC  
DEPT ALSO PASS USTR FOR KARESH, ROSENBERG STRATFORD AND LEE  
TREAS FOR OASIA/ISA-CUSHMAN AND RAND  
USDOC FOR 4420/ITA/MAC/MCQUEEN AND DAS KASOFF

E.O. 12958: DECL: 09/18/2018  
TAGS: [ELAB](#) [PREL](#) [PGOV](#) [OVIP](#) [SN](#)  
SUBJECT: SECRETARY OF LABOR CHAO MEETS SINGAPORE PM LEE  
HSIEN LOONG, AUGUST 29, 2008

Classified By: AMBASSADOR PATRICIA L. HERBOLD FOR REASONS 1.4 (B) AND (D).

[1](#)1. 1. (U) August 29, 2008; 1:30 p.m.; the Istana (the Palace).

[1](#)2. (U) Participants

United States

Secretary of Labor Elaine L. Chao,  
Ambassador Patricia L. Herbold,  
Associate Deputy Secretary of Labor Anna Hui,  
Dr. James Chao, and  
DCM Daniel Shields (notetaker.)

Singapore

Prime Minister Lee Hsien Loong,  
Acting Minister of Manpower Gan Kim Yong,  
Senior Minister of State (National Development, Education)  
Grace Fu,  
Principal Private Secretary-designate to the PM Ng How Yue,  
Ministry of Manpower Permanent Secretary Leo Yip, and  
Senior International Relations Manager Lim Choon Leng  
(notetaker.)

Summary  
-----

[1](#)3. (C) Secretary Chao and PM Lee noted the strength of U.S.-Singapore relations and reviewed political and economic developments in Singapore. PM Lee said China is focused, growing stronger, and well aware of its strength. China wants to be friends with everybody, but "when they want something from you, you will know it." Many countries in Southeast Asia are already America's friends and are waiting to do more as friends. India is a growing presence in Southeast Asia, but China's trade with the region is four times India's trade. PM Lee said that despite all the United States has done for Muslims in places like Bosnia and Indonesia, the United States is still seen by many Muslims as the "bad guy" or the "Great Satan." This is not a problem that can be fixed by better U.S. public affairs efforts. It

is at a deeper level. It involves not only Iraq, but also the Palestinian issue. The situation in Georgia is a reminder for small states, including Singapore, that they must be able to defend themselves and avoid ethnic splits that outsiders can exploit, PM Lee said.

#### U.S.-Singapore Relations

-----

¶4. (C) PM Lee welcomed Secretary Chao and thanked her for attending the Singapore National Day event in Washington. Secretary Chao praised Ambassador Chan Heng Chee's effectiveness in Washington and noted the strength of the bilateral relationship. The PM commented on the importance of the Strategic Framework Agreement and of the extensive trade ties that bind the two countries. In the area of labor, Singapore's National Trade Unions Congress (NTUC) cooperates with the AFL-CIO through the International Confederation of Free Trade Unions (ICFTU), the PM said.

#### Singapore Political Developments

-----

¶5. (C) Secretary Chao inquired regarding political developments in Singapore. The PM said Singapore wants democracy with stability. Singapore keeps changing and so must its political system, as recent debates in Parliament show. (Note: PM Lee was referring to Parliamentary discussion of his National Day speech proposals to loosen some restrictions on political films, political material on

SINGAPORE 00001015 002 OF 004

the internet during elections, and outdoor demonstrations. End Note.)

#### Singapore Economy

-----

¶6. (SBU) Secretary Chao asked about the Singapore economy. The PM said the economy continues to do well, but some Singaporeans are feeling the pressures of globalization and inflation, which is up to 6-7 percent. A certain degree of income redistribution is inevitable, but it won't solve the problem. Singapore has a firm market ethos, coupled with a limited social safety net, he said.

¶7. (SBU) Secretary Chao commented that the U.S. economy faces well-known challenges, but U.S. 2nd Quarter GDP growth has been revised upward to 3.3 percent and the 14.3-trillion-dollar American economy remains resilient and dynamic. PM Lee said Singapore's economy is closely linked to the U.S. economy. Singapore's exports to the United States dropped off in recent months. Demand from China and India can offset that to a certain degree, but even from those countries, the numbers of tourists visiting Singapore are down. Singapore will be opening integrated resorts with casinos, which should bring in more tourists, the PM said.

#### China

-----

¶8. (C) Secretary Chao elicited the PM's views on China. PM Lee said China is focused, growing stronger, and well aware of its strength. China wants to be friends with everybody, but "when they want something from you, you will know it." Singapore, like other countries, wants friendly relations with China. There is significant immigration from China to Singapore, including skilled technicians and professionals. This is good for Singapore, but it creates some social tensions when Singaporeans are forced to compete with Chinese talent, PM Lee said.

¶9. (C) Secretary Chao asked how PM Lee sees the U.S.-China relationship. PM Lee said Singapore wants to be friends with both countries. Singapore is disappointed when urgent

business elsewhere keeps U.S. officials away from regional gatherings where China is present. China seeks to expand its regional influence by means such as constructing a Parliament building in Myanmar or a Foreign Ministry building in Timor L'Este. Beyond the region, China's success in hosting a Summit for 50-plus African leaders is something that India and Japan have tried, but not been able, to match. In this context, Southeast Asia needs the United States around. Australia and Japan are important too. Europe has not yet shown that it can match its economic clout with military or security influence in this part of the world. Many countries in the region are already America's friends and are waiting to do more as friends. America's Asia policy is not the same thing as America's China policy, the PM said.

¶10. (C) PM Lee said the Olympics were a great success, but the controversy surrounding the torch rally caught China by surprise. Chinese Ambassador to London Fu Ying caught the tone of it in a piece she wrote for the Daily Telegraph noting her daughter's question: "why do they hate us?" China, as a big power, will of course protect its interests, but China needs to figure out how to infuse its policies with some idealism and breadth, not just realpolitik, PM Lee stated.

¶11. (C) Secretary Chao noted that there is much discussion in China of building an innovation society, but America's success in innovation is profoundly linked to broader American freedoms. PM Lee said that some places, like Europe, impose few constraints on their citizens, but are not particularly innovative. Other places, like Israel, impose considerable constraints on their citizens, but are very

SINGAPORE 00001015 003 OF 004

innovative. It is hard to say how China will do on innovation. China has most of what it needs to succeed, but it lacks truly first-class universities, scholars, researchers, and Nobel Prize winners, the PM said.

¶12. (C) PM Lee said there are still some taboo subjects in China, like political reform and Taiwan, but most other subjects can be discussed relatively freely. The quality of the Chinese media, including television, has improved enormously, with skilled reporters now asking serious questions. Ten years ago, China's propaganda chief visited Singapore and asked how Singapore manages the media and the Internet. Lee responded that it is not really possible to control the Internet. This did not stop the Chinese from making great efforts to clamp down on the Internet, he noted.

India  
-----

¶13. (C) Secretary Chao raised the role of India. The PM said India is looking outward and its role in Southeast Asia is growing, but India is not as focused as China. India's complex politics poses challenges. Singapore has been working to increase India's involvement in the region through means like the East Asian Summit. As India's trade with the region grows, so should its influence. India and ASEAN have, after years of effort, concluded the goods part of an India-ASEAN Free Trade Agreement. But the reality is that at present, China's trade with the region is four times India's trade, PM Lee said.

Islamic World  
-----

¶14. (C) Secretary Chao asked about U.S. engagement with the Islamic world, especially Pakistan. PM Lee expressed concern about the volatile current situation in Pakistan. As for the broader issue of U.S. engagement with the Islamic world, it is unlikely that Islamist terrorists can pose an existential threat to the United States unless they get nuclear weapons. They can still kill hundreds of people at a time through suicide attacks. The challenge for the United States is to

address that threat without turning ordinary Muslims against America. That is not easy, he said.

¶15. (C) PM Lee said that despite all the United States has done for Muslims in places like Bosnia and Indonesia after the tsunami, the United States is still seen by many Muslims as the "bad guy" or the "Great Satan." To a certain extent, Americans just have to "live your karma." Powerful countries are going to be resented. There is, however, also a policy dimension to the problem and it is not something that can be fixed by better U.S. public affairs efforts. It is at a deeper level. It involves not only Iraq, but also the Palestinian issue. In Malaysia, Al Jazeera TV is available 24-hours-a-day in the Malay language. People are watching it and many believe what they hear on it. Even in a moderate place like Malaysia, one of the few things nearly all influential politicians can agree on is the importance of the Palestinian issue, he noted.

Georgia

-----

¶16. (C) Secretary Chao raised the Georgia issue. The PM said awareness of the matter is low in Southeast Asia. The situation is a reminder, however, for small states, including Singapore, that they live in a dangerous world. The rule of law and the UN are no substitute for the ability of a state to defend itself. Also, the Georgia situation reminds multi-ethnic states, including Singapore, of the need to avoid ethnic splits that outsiders can exploit, PM Lee stated.

Next U.S. President's Agenda?

-----

SINGAPORE 00001015 004 OF 004

¶17. (C) Secretary Chao asked PM Lee what he thinks ought to be on the agenda for the next U.S. President. PM Lee said free trade and globalization will be important. In Singapore, people understand that if they do not trade they will starve. In the United States, this is less obvious, given the size and resources of the country. The Prime Minister said other salient issues will be Iraq and Afghanistan. Iraq seems to be stabilizing, although there is less evidence of this in Afghanistan. In both countries there are no easy solutions, but walking away is not an option. PM Lee said another key issue will be U.S. policy toward Asia and China.

¶18. (U) Secretary Chao's party cleared this message.

Visit Embassy Singapore's Classified website:  
<http://www.state.sgov.gov/p/eap/singapore/ind ex.cfm>  
HERBOLD